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10 **UNITED STATES DISTRICT COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 vs.

15 INNOVATIVE ADVISORY  
16 SERVICES, INC., INNOVATIVE  
ADVISORY SERVICES LLC, ISLAND  
17 TRADER LLC, and RICHARD H.  
NICKLES,

18 Defendants.  
19

Case No. SACV 10-00423 JVS (RNBx)

**PRELIMINARY INJUNCTION AND  
ORDERS:**

(1) FREEZING ASSETS;  
(2) REQUIRING ACCOUNTINGS;  
(3) PROHIBITING THE  
DESTRUCTION OF DOCUMENTS;  
AND (4) GRANTING EXPEDITED  
DISCOVERY

## I.

## II.

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- a. employing devices, schemes and artifices to defraud clients or prospective clients; or
- b. engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon clients or prospective clients

in violation of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

### III.

IT IS FURTHER ORDERED that Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- a. employing any device, scheme or artifice to defraud;
- b. obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- c. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

### IV.

IT IS FURTHER ORDERED that Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, and Richard H. Nickles, and their

1 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and  
2 those persons in active concert or participation with any of them, who receive  
3 actual notice of this Order, by personal service or otherwise, and each of them, be  
4 and hereby are preliminarily restrained and enjoined from, directly or indirectly, in  
5 connection with the purchase or sale of any security, by the use of any means or  
6 instrumentality of interstate commerce, or of the mails, or of any facility of any  
7 national securities exchange:

- 8 a. employing any device, scheme or artifice to defraud;
  - 9 b. making any untrue statement of a material fact or omitting to state a  
10 material fact necessary in order to make the statements made, in the  
11 light of the circumstances under which they were made, not  
12 misleading; or
  - 13 c. engaging in any act, practice, or course of business which operates or  
14 would operate as a fraud or deceit upon any person;
- 15 in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule  
16 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

17 **V.**

18 IT IS FURTHER ORDERED that Defendants Island Trader LLC and  
19 Richard H. Nickles, and their officers, agents, servants, employees, attorneys,  
20 subsidiaries and affiliates, and those persons in active concert or participation with  
21 any of them, who receive actual notice of this Order, by personal service or  
22 otherwise, and each of them, be and hereby are preliminarily restrained and  
23 enjoined from, directly or indirectly, by use of the mails or means or  
24 instrumentalities of interstate commerce, effecting transactions in, or inducing or  
25 attempting to induce, the purchase or sale of any security, without being registered  
26 as a broker and/or dealer pursuant to Section 15(b) of the Exchange Act, 15 U.S.C.,  
27 § 78o(b), in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

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**VI.**

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly:

- a. transferring, assigning, selling, hypothecating, changing, wasting, dissipating, converting, concealing, encumbering, or otherwise disposing of, in any manner, any funds, assets, securities, claims, or other real or personal property, wherever located, of Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, or their subsidiaries or affiliates, whether owned by, controlled by, managed by or in the possession or custody of any of them;
- b. transferring, encumbering, dissipating, incurring charges or cash advances on any debit or credit card or the credit arrangement of Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and/or Richard H. Nickles, or any of their subsidiaries or affiliates.

**VII.**

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, an immediate freeze shall be placed on all monies and assets (with an allowance for necessary and reasonable living expenses to be granted only upon good cause shown by application to the Court with notice to and an opportunity for the Commission to be heard) in all accounts at any bank, financial institution or brokerage firm, all certificates of deposit, and other funds or assets, held in the

name of, for the benefit of, or over which account authority is held by Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, or any trust, partnership, joint venture, person or entity affiliated with any of them (including subsidiaries), including, but not limited to, the accounts set forth below:

<u>Bank or Brokerage</u>	<u>Account Name</u>	<u>Account Number</u>
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x9065
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x3169
Bank of America	Innovative Advisory Services, Inc.	xxxxx-x1141
Bank of America	Island Trader LLC	xxxxx-x6874
Bank of America	Island Trader LLC	xxxxx-x0217
Bank of America	Richard Nickles	xxxxx-x1705
JP Morgan Chase Bank, NA	Innovative Advisory Services, Inc.	xxxxx-3562
Scottrade, Inc.	Innovative Advisory Services, Inc.	xxx-x7717
Scottrade, Inc.	Richard Nickles	xxx-x5013
Scottrade, Inc.	Richard Nickles	xxx-x1511
Scottrade, Inc.	Richard Nickles	xxx-x5012
Union Bank, NA	Innovative Advisory Services, Inc.	xxxxxx7296
Union Bank, NA	Richard Nickles	unknown
Wells Fargo Bank, NA	Innovative Advisory Services, Inc.,	xxx-xxx2108

1	Wells Fargo Bank, NA	Innovative Advisory Services, Inc.,	xxx-xxx3647
2	Wells Fargo Bank, NA	Island Trader Securities, Inc.	xxx-xxx2888
3	Wells Fargo Bank, NA	Island Trader Securities, Inc.	xxx-xxx9975
4	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3777
5	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3827
6	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx3967
7	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx5561
8	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx9399
9	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx9399
10	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx9399
11	Wells Fargo Bank, NA	Richard Nickles	xxx-xxx9399

### VIII.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined from, directly or indirectly: destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, contracts, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), pertaining in any manner to Defendants Innovative Advisory Services, Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H. Nickles, and their subsidiaries and affiliates.

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3 **IX.**

4 IT IS FURTHER ORDERED that the Commission's application for  
5 expedited discovery is granted and that the Commission may take depositions upon  
6 oral examination and obtain document production from parties and non-parties  
7 subject to two business days notice; and may serve interrogatories and requests for  
8 admissions, subject to response within five calendar days of service. Service of all  
9 expedited discovery requests shall be proper if made upon the parties by facsimile,  
10 electronic mail, or overnight courier.

11 **X.**

12 IT IS FURTHER ORDERED that Defendants Innovative Advisory Services,  
13 Inc., Innovative Advisory Services LLC, Island Trader LLC, and Richard H.  
14 Nickles shall immediately prepare and deliver to the Commission a detailed and  
15 complete schedule of all of their assets, including all real and personal property  
16 exceeding \$5,000 in value, and all bank, securities, futures and other accounts  
17 identified by institution, branch address and account number. The accountings  
18 shall include a description of the source(s) of all such assets. Such accountings  
19 shall be filed with the Court and copies shall be delivered to the attention of Janet  
20 Rich Weissman at the Commission's Los Angeles Regional Office, located at 5670  
21 Wilshire Blvd., Los Angeles, CA 90036. After completion of the accountings,  
22 Defendants Innovative Advisory Services, Inc., Innovative Advisory Services  
23 LLC, Island Trader LLC, and Richard H. Nickles shall produce to the  
24 Commission's Los Angeles Regional Office, at a time agreeable to the  
25 Commission, all books, records and other documents supporting or underlying  
26 their accountings.

27 **XI.**

28 IT IS FURTHER ORDERED that this Court shall retain jurisdiction over //


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1 this action for the purpose of implementing and carrying out the terms of all orders  
2 and decrees which may be entered herein and to entertain any suitable application  
3 or motion for additional relief within the jurisdiction of this Court.

4 IT IS SO ORDERED.  
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6 DATED: April 29, 2010  
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8   
9 THE HONORABLE JAMES V. SELNA  
UNITED STATES DISTRICT JUDGE

10 Presented by:

11 /s/ David J. Van Havermaat  
12 David J. Van Havermaat  
13 Janet Rich Weissman  
14 Attorneys for Plaintiff  
Securities and Exchange Commission  
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